

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6816**

**BILL NUMBER: HB 2115**

**DATE PREPARED: Jan 10, 2001**

**BILL AMENDED:**

**SUBJECT:** Phone System Charges in Prison.

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**FUNDS AFFECTED:**      **GENERAL**  
                                 **X DEDICATED**  
                                 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill prohibits the Department of Correction (DOC), county jails, community corrections facilities, and juvenile detention facilities and centers from profiting financially from providing telephone service to confined offenders. (The introduced version of this bill was prepared by the Corrections Matters Evaluation Committee.)

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** Currently, the Department of Administration contracts with several telephone companies to provide telephone service to offenders in DOC facilities. Under this arrangement, offenders must make collect telephone calls to persons outside of prison that they wish to call. Depending on the arrangement with the telephone carrier, the state receives a commission of either the gross or net revenue that is collected by using these telephones.

The Department of Administration contracts with at least three major providers of telephone services for offenders in DOC facilities. GTE and Ameritech provide local calls, while AT&T provides long distance calls. Commissions received from GTE and Ameritech are deposited in the Offender Recreation Fund which is used in DOC facilities, while the commissions received from AT&T are deposited in the Pay Phone Fund.

The added revenue to the Offender Recreation Fund was not available and will be updated when this information becomes available.

Concerning the Pay Phone Fund, the Department of Administration estimates the following revenues that have been collected from DOC facilities and deposited into this account:

|      | Pay Phone Commissions from |
|------|----------------------------|
| FY   | DOC Facilities             |
| 1998 | \$5,500,775                |
| 1999 | \$5,809,008                |
| 2000 | \$5,978,222                |

Revenues from this fund have been used to finance projects that will improve the telecommunications and computer capabilities of the state government. Requiring that the telephone rates be charged at the allowable direct cost of the call would significantly reduce what revenues the state would be able to collect from these outgoing telephone calls.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** County sheriffs contract with telephone companies to provide telephone services to inmates in their jails. Under these arrangements, the sheriffs receive a percentage of either gross or net revenue that ranges between 22% and 44% for gross revenue and generally 50% for net revenue.

In the case of 62 counties where information was available, the commissions that these sheriffs receive from the contracts range from \$8,700 to \$2.3 M on an annualized basis. The total reported commissions estimated based on either annualized amounts for CY 2000 or from reported commissions from CY 1998 or 1999 for these 62 counties was \$5.7 M.

The proceeds from these commissions are used in some counties to purchase law enforcement equipment, including weapons and squad cars. If the rates that are charged must be reduced to match the costs incurred in making these calls, then the amount that the sheriffs receive from these commissions would likely be significantly reduced.

**State Agencies Affected:** Department of Administration.

**Local Agencies Affected:** County Sheriffs.

**Information Sources:** Department of Administration, County Sheriffs.